

Public Private Partnerships
Applicability to Defence Procurement

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Aim

Provide an appreciation of:

- **Public Private Partnerships**
- **Defence Deals**
- **Key Issues**
- **Few thoughts**

PPP is not a panacea...

Public Private Partnerships

Public Private Partnerships (PPP):

- Output specified service
- Medium to long term contract
- Negotiated process
- Focus on non confrontation

Private Finance Initiative:

- Service underpinned by capital assets
- Private sector funding of assets

Consideration of procurement strategy is required:

PPP is an established route

Defence Deals

- **Accommodation Services** barracks and headquarters
- **Back Office Services** pay, pensions and personnel
- **Information Services** financial and procurement systems
- **Training Services** aircraft, ship and AFV simulation
- **Transport** commercial and military support vehicles
- **Strategic Deployment** intra-theatre air, sea and land
- **Utilities** water, sewage and electricity
- **Military Communications** HF, VLF and satellite

Increasingly frontline focus

Key Issues

- **Service definition and demarcation**
- **Risk transfer**
 - operational
 - commercial
- **Affordability**
 - balance sheet treatment
 - ongoing
- **Sustainability and flexibility**

PPPs force focus on strategic issues

Thoughts...

- **Output based services... not assets**
- **Commercial potential to add value**
- **Sensible risk transfer and incentivisation**
- **In excess of £15m capital spend**

PPPs require a fresh consideration of the problem